

MINUTES AUDIT SUBCOMMITTEE OF THE LEGISLATIVE MANAGEMENT COMMITTEE

The Audit Subcommittee of the Legislative Management Committee met in Room C250, State Capitol, Salt Lake City, Utah, November 18, 2008 from 3:00 p.m. until 5:45 p.m.

Committee Members Present:

Speaker Greg J. Curtis, Co-Chairman
President John L. Valentine, Co-Chairman
Senator Mike Dmitrich
Representative David Litvack

Legislative Audit Staff:

John Schaff, Auditor General
Rick Coleman, Deputy Auditor General
Tim Osterstock, Audit Manager
Darin Underwood, Audit Manager
Lynda Maynard, Recording Secretary
Nancy Johnson, Legis Secretary
Wayne Kidd, Audit Supervisor
Brian Dean, Audit Supervisor
Deanna Herring, Audit Supervisor
Janice Coleman, Audit Supervisor
Kade Minchey, Audit Supervisor
Chris Otto, Sr Performance Auditor
Ian Christensen, Performance Auditor
Jesse Martinson, Performance Auditor

Other Interested Parties:

Todd Hauber, Assoc Superintendent, USOE
Rick Smith, Director, Office of the Guardian ad Litem
Rod Harrison, Commissioner, Duchesne County Commission
Kent Peatross, Commissioner, Duchesne County
Mike McKee, Commissioner, Uintah County Commission
Ed Peterson, Uintah County Attorney
David Haslem, Uintah County Commission
Keith Kelly, Chairman, GAL Oversight Committee
Brian Larsen, Davis School District
Tom Given, Granite School District
Larry Newton, School Finance Director, USOE
Mark Ward, Utah Association of Counties
Doyle Christensen, Director, Dept of Insurance
David Walsh, Director of Budget/Programs, CCJJ
Bill Greer, DWS
LeGrand Bitter, UASD
Amy JK Stewart, *Deseret News*
Lisa Schencker, *SL Tribune*

And others as listed

1. Call to Order

Speaker Curtis called the meeting to order at 3:00 p.m.

2. Approval of Minutes

President Valentine made a motion that the minutes from the August 27th meeting be approved. The motion passed unanimously.

3a. A Performance Audit of School Busing

(Report #2008-11)

Presented by Brian Dean, Audit Supervisor

Discussion following Presentation

Todd Hauber, Associate Superintendent, Utah State Board of Education (USOE), responded to the School Busing audit report. Mr. Hauber told the Subcommittee that USOE is currently in the process of updating the Standards for School Buses and Operations and there are plans to have the school districts trained on these issues.

Motion: President Valentine made a motion that the **Performance Audit of School Busing** (Report No. 2008-11) be accepted and referred to the Education Interim Committee and the Public Education Appropriations Subcommittee. The motion passed unanimously.

3b. A Performance Audit of School Building Construction

(Report #2008-14)

Presented by Wayne Kidd, Audit Supervisor

Discussion following Presentation

Todd Hauber, Associate Superintendent, Utah State Board of Education (USOE), answered questions and responded to the School Building Construction audit. Mr. Hauber said that USOE—

- USOE has added additional staff within the office to follow up and track different construction issues.
- USOE concurs with the recommendations and would like to be a part in making sure there is a well balanced and appropriate building construction program throughout the State.
- Utah has the lowest per square foot cost for school construction among the inter-mountain states. But USOE may need to look at the national standard, how it is derived and what is included in the standard.

Motion: President Valentine made a motion that the **Performance Audit of School Building Construction** (Report No. 2008-14) be accepted and referred to the Education Interim Committee and the Public Education Appropriations Subcommittee. The motion passed unanimously.

3c. An In-Depth Follow-Up Audit Of The Office Of The Guardian ad Litem

(Report #2008-10)

Presented by Deanna Herring, Audit Supervisor

Discussion following Presentation

Rick Smith, Director, Office of the Guardian ad Litem, expressed appreciation for the audit and told the Audit Subcommittee that overall the audit report is very positive and recognizes the significant progress GAL has made and has provided a great deal of direction for GAL's strategic process. Mr. Smith said that his office has taken a great deal of action toward the implementation of the recommendations.

Keith Kelly, Chairman, GAL Oversight Committee, addressed concerns that statute does not reflect that the Oversight Committee has direct oversight of the Guardian ad Litem's Office and suggested that statute should be tracking these changes.

In response to Speaker Curtis' query concerning the appointment of the Guardian ad Litem Oversight Committee, Mr. Kelly said that the Judicial Council appoints the members of the Oversight Committee; but, to date, the Judicial Council has not taken any active supervision.

Motion: President Valentine made a motion that the **In-Depth Follow-Up Audit of the Guardian ad Litem** (Report No. 2008-10) be accepted and referred to the Judicial Interim Committee and the Child Welfare Legislative Oversight Panel. The motion passed unanimously.

3d. A Performance Audit on the Use of Mineral-Related Funds in Uintah Basin

(Report #2008-13)

Presented by Janice Coleman, Audit Supervisor

Discussion following Presentation

Ed Peterson, Uintah County Attorney, told the Audit Subcommittee that Uintah County takes issue with the audit's perception that Uintah County has unrestricted discretionary income in transportation. Due to general budgeting and the nature of government procurement, Uintah County has the absolute responsibility to keep enough money to do business for a year because road projects take longer than a year.

Commissioner Kent Peatross, Duchesne County, added that Duchesne County is currently the largest petroleum producer in the State of Utah and they are experiencing a lot of growth and development and their communities are relying on the counties for help.

Commissioner Mike McKee, Uintah County, explained that—

- Uintah County generates the most revenue
- Uintah County has the greatest impact and federal intent of the legislation on the Federal Law was to mitigate the impacts from these lands, which as a Legislature, has been done.
- Uintah County hopes that the Legislature will allow mineral release funds to be used as they have been designated.

Motion: President Valentine made a motion that **Performance Audit on the Use of Mineral-Related Funds in Uintah Basin** (Report No. 2008-13) be accepted and referred to the Transportation Interim Committee, the Political Subdivisions Interim Committee and the Transportation, Environmental Quality and National Guard Appropriations Subcommittee. The motion passed unanimously.

NOTE: President Valentine included the notation that the Audit Subcommittee recognizes that the affected counties do not agree with the conclusions of the audit, nor does one member of the committee.

4. New Audit Requests

After some discussion among the members of the Audit Subcommittee, President Valentine made the following motions.

Motion: President Valentine made a motion that the following audits be added to the Approved Future Audits, in the following priority:
Number 3, Drug Offenders Reform Act (DORA);
Number 4, Insurance Fraud Division; and,
Number 5, Post Retirement Re-Employment in Public Education the School Land

5. Adjournment

Speaker Curtis adjourned the meeting at 5:45 p.m.

MINUTES AUDIT SUBCOMMITTEE OF THE LEGISLATIVE MANAGEMENT COMMITTEE

The Audit Subcommittee of the Legislative Management Committee met in Room W110, State Capitol Complex, Salt Lake City, Utah, August 27, 2008 from 10:00 a.m. until 11:40 a.m.

Committee Members Present:	Speaker Greg J. Curtis, Co-Chairman President John L. Valentine, Co-Chairman
Excused	Senator Mike Dmitrich Representative David Litvack
Legislative Audit Staff:	John Schaff, Auditor General Rick Coleman, Deputy Auditor General Tim Osterstock, Audit Manager Darin Underwood, Audit Manager Lynda Maynard, Recording Secretary Nancy Johnson, Legis Secretary Tim Bereece, Sr Performance Auditor Brian Dean, Audit Supervisor Kade Minchey, Audit Supervisor August Lehman, Sr Performance Auditor Chris Otto, Sr Performance Auditor
Other Interested Parties:	Tom Patterson, Executive Director, Ut Dept of Corrections Angie Welling, UDOC Mike Haddon, Deputy Director, Admin., UDOC Vaughn Emmett, Director, Internal Audit, UDOC Wade Faraway, Asst Attorney General, UAG Marty Kelly, Coordinator, Adult Education, USOE Gary Syphus, Legislative Fiscal Analyst Mike Richardson, Director of State, Dept of Workforce Services Ric Cantrell, Chief Deputy, Utah State Senate Allison Rowland, Voices for Utah Children Ben Winslow, <i>Deseret Morning News</i> Wendy Leonard, <i>Deseret News</i> Elizabeth Zil, <i>KCPW</i> Steve Gehrke, <i>SL Tribune</i> Brock Vergakis, <i>Associated Press</i>

1. Call to Order

President Valentine called the meeting to order at 10:00 a.m.

2. Approval of Minutes

Representative Litvack made a motion that the minutes from the July 3rd meeting be approved. The motion passed unanimously.

3a. A Performance Audit of Utah's Jail Contracting Program

(Report #2008-08)

Presented by Kade Minchey, Audit Supervisor

Discussion following Presentation

Tom Patterson, Executive Director, Department of Corrections, began by expressing his gratitude to the staff for their professionalism and to thank them for assisting his department in identifying critical issues.

Mr Patterson continued by telling the Audit Subcommittee that this is a good opportunity for the Department of Corrections to improve their relationships with the counties and be more accountable, which will be a benefit to both the State of Utah and local governments and concluded by saying that county facilities, for the most part, are well managed; although, Corrections has identified some vulnerabilities that have occurred and will require some improvements through the system.

Motion: Speaker Curtis made a motion that the **Performance Audit of Utah's Jail Contracting Program** (Report No. 2008-08) be accepted and referred to the Law Enforcement and Criminal Justice Interim Committee and the Executive Offices and Criminal Justice Appropriations Subcommittee. The motion passed unanimously.

3b. A Performance Audit of Adult Education Services

(Report #2008-07)

Presented by Tim Bereece, Sr. Performance Auditor

Discussion following Presentation

Marty Kelly, Director, Adult Education, State Office of Education (USOE), responded to the audit findings. Mr. Kelly said that Superintendent Harrington's response was attached to the back of the audit report and that USOE was moving forward to complete the recommendations set forth in the report.

Mr Larry Shumway, Deputy Superintendent, USOE, addressed the questions President Valentine had concerning the double funding for students who received both their GED (General Education Development Certificate) and a high school diploma. Mr. Shumway said that although this had only happened on a small scale, it would be reviewed to make sure resources are being used the best way possible.

Motion: Speaker Curtis made a motion that the **Performance Audit of Adult Education Services** (Report No. 2008-09) be accepted and referred to the Education Interim Committee and the Public Education Appropriations Subcommittee. The motion passed unanimously.

4. New Audit Requests

John Schaff, Auditor General, requested the members of the Audit Subcommittee to formally prioritize the audit request for the School Land Trust Program. A discussion had been held previously with the co-chairs of the

committee but needed a motion to formalize the approval.

Motion: Speaker Curtis made a motion that the following audits be moved from Previous Requests and New Requests into the Approved Future Audits list, below the three audits already prioritized as follows:

#4 Post-Retirement Re-employment in Public Education

#5 Department of Technology Services

#6 Valley Emergency Communications Center (VECC). Also that the audit request for the School Land Trust Program be approved and left under Audits in Process. The motion passed unanimously.

Representative Litvack stated that as a current employee of Salt Lake County he would declared a conflict of interest in the audit request for Valley Emergency Communications Center (VECC).

4. Adjournment

President Valentine adjourned the meeting at 11:40 a.m.

